



# Lawyers' Fund for Client Protection of the Hawai'i Supreme Court

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## 2019 Annual Report

### History & Purpose:

The Hawaii Lawyers' Fund was established in 1981 as a Trust by the Supreme Court of Hawai'i and members of the Hawaii State Bar Association. The Hawaii Lawyers' Fund provides a remedy for clients of attorneys who have suffered financial losses as a result of the dishonest conduct of their attorney.

The Hawaii Lawyers' Fund is financed entirely by assessments from attorneys in private practice. No taxpayer dollars are involved. Our legal profession is one of the few professions that take on the challenge and responsibility of making victims of dishonest conduct whole. The Fund exists because of the good lawyers who practice law in our state.

Most of the members of Hawai'i's legal profession are honest, hardworking professionals who do their best for their clients. However, despite the profession's best efforts to establish and maintain high ethical standards, there are a few dishonest lawyers who take advantage of their clients. And unfortunately, these lawyers usually do not have the financial wherewithal to make restitution to their victims. This is the gap that the Hawaii Lawyers' Fund attempts to address.

The Hawaii Lawyers' Fund considers all claims resulting from the dishonest conduct of a member of the Hawaii State Bar, provided that:

- The dishonest conduct occurred while the attorney was a licensed member of the Bar of Hawaii;
- The claim originates from the attorney providing legal services in the state of Hawaii;
- The Claimant engaged the attorney in the state of Hawaii;
- The claim stems from an attorney-client relationship or a fiduciary relationship such as when an attorney acts as an administrator, executor, or trustee of a trust or estate; and
- The attorney has either:
  - ✓ Died
  - ✓ Become bankrupt
  - ✓ Been declared incompetent or incapacitated
  - ✓ Has been disbarred or suspended from the practice of law
  - ✓ Voluntarily resigned from the practice of law
  - ✓ Has become a judgment debtor of the claimant because of his or her dishonest conduct
  - ✓ Has been judged guilty of a crime based on his or her dishonest conduct
  - ✓ Left the state of Hawaii and cannot be found.

There are several conditions under which the Hawaii Lawyers' Fund does not reimburse. They are:

- We do not reimburse claims occurring outside of an attorney-client relationship nor outside of a lawyer's fiduciary role.



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- The loss must be the result of a lawyer's dishonest conduct.
- The Fund does not reimburse for losses due to negligence nor malpractice.

Unearned legal fees account for the majority of reimbursement applications.

### Claims Experience:

	2019	2018	2017	2016	2015
# Claims Opened during year	16	6	15	7	8
# Claims Disposed of during year	8	13	4	7	8
# Claims Pending at Year End	31	23	30	19	19
\$ Claims Pending at Year End	\$1,516,783	\$181,574	\$293,794	\$438,351	\$401,090
# Claims Approved and Reimbursed	4	6	0	2	2
\$ Claims Approved and Reimbursed	\$20,877	\$21,050	\$0	\$200,000	\$33,980
# Claims Dismissed – Fee Disputes	3	3	2	5	5
# Claims Dismissed – Lack of Cooperation from Claimant	0	0	0	0	1
# Claims Dismissed – Restitution by Atty or Other	1	4	1	0	1

Attorney	Type	Number of Claims	Amount
Volquardsen, Lisa M.	Unearned Retainer	3	\$5,877
Locricchio, Anthony P.	Unearned Retainer	1	\$15,000

### 2019 Milestones:

Respondents Transferred to Inactive – Medical:

In 2019, the Fund experienced a significant increase in the number of claims involving attorneys who were transferred to Inactive Status – Medical, as the respondent attorneys were considered to be incapable of defending themselves because of underlying health issues. The age demographic of the Hawaii State Bar serves as an indicator of our aging bar and that we should expect incapacity issues to continue into the foreseeable future.

Age Range	2019	2018	2017
70+	12.5%	11.2%	9.9%
60 – 69	25.4%	26.1%	26.2%
Aggregate of 60 – 70+	37.9%	37.3%	36.1%



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### Lawyers' Fund Website Updated:

After many years, the Hawaii Lawyers' Fund for Client Protection's website received a major overhaul and update in 2019, making it more user focused. Available at [www.hawaiilawyersfund.com](http://www.hawaiilawyersfund.com), the site has a new, contemporary look. Potential claimants can access it and have many of their questions answered. A copy of the Fund's informational brochure can be downloaded in Ilocano. And a fillable PDF version of the claim application can also be downloaded from the website.

### Lawyers' Fund Informational Brochure:

An update to the Lawyers' Fund brochure was initiated in 2019. The distribution list used several years ago was reviewed and consulates of other countries were added as foreign nationals may not be familiar with Hawaii's legal system. Non-profit organizations who service immigrant populations will also be included.